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APR 2 8 2008

'08 CV 0764 NLS

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

PLUS MONEY, INC, and MATTHEW LA MADRID

Defendants,

and

THE PREMIUM RETURN FUND LIMITED-LIABILITY LIMITED PARTNERSHIP; THE PREMIUM RETURN FUND II, LIMITED-LIABILITY LIMITED PARTNERSHIP; THE PREMIUM RETURN FUND III, LIMITED-LIABILITY LIMITED PARTNERSHIP; RETURN FUND, LLC; RETURN FUND II, LLC; RETURN FUND III, LLC; RETURN FUND IV, LLC; RETURN FUND V, LLC; RETURN FUND VI, LLC; PALLADIUM HOLDING COMPANY; and DONALD LOPEZ,

Relief Defendants.

Case No.

***EX PARTE* APPLICATION OF PLAINTIFF SECURITIES AND EXCHANGE COMMISSION FOR TEMPORARY RESTRAINING ORDER; ORDERS:**
(1) FREEZING ASSETS;
(2) REQUIRING ACCOUNTINGS;
(3) PROHIBITING THE DESTRUCTION OF DOCUMENTS;
(4) EXPEDITING DISCOVERY; (5) APPOINTING A TEMPORARY RECEIVER; AND ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION AND APPOINTMENT OF A PERMANENT RECEIVER

By this *Ex Parte* Application, Plaintiff Securities and Exchange Commission ("Commission") seeks a temporary restraining order and other emergency relief to halt immediately an ongoing investment adviser fraud being perpetrated by Matthew "Beau" La Madrid and the entity he controls, Plus Money, Inc. (collectively, the "Defendants").

Since May 2004, the Defendants have acted as investment advisers to three purported hedge funds (the "Funds") that cumulatively raised at least $30.6 million from over 300 investors. The Defendants claim to employ a lucrative investment strategy involving the purchase and sale of covered call options. Although Plus Money and La Madrid apparently employed some variation of a covered call-option trading strategy for a period of time, and although Plus Money and La Madrid continued to pay purported monthly profits to Fund investors for a time even after all trading activity had ceased, it is unclear how much profit, if any, Plus Money and La Madrid actually generated from this strategy.

Between September and October 2007, without informing investors, Plus Money and La Madrid wired $7.6 million from the Funds' brokerage accounts to Vision Quest Investments, a dba La Madrid formed in September 2007. On November 14, 2007, Vision Quest wired $10 million to relief defendant Palladium Holding Company, an entity controlled by relief defendant Donald Lopez. Soon after receiving these funds, Palladium transferred $5 million to a brokerage account it controlled, and began executing numerous short-sell transactions of Treasury bonds. This rampant trading activity has caused a steady dissipation of the assets in Palladium's brokerage account. As of April 25, 2008, only $2.425 million remained available, and at least $875,000 had been wired from Palladium's brokerage account to its bank account.

Palladium dissipated the other $5 million received through Vision Quest to a variety of individuals and entities – purchasing several cars, transferring substantial funds to real estate title companies, and funneling $500,000 back to La Madrid personally.

By engaging in this conduct, the Defendants have violated, and unless enjoined will continue to violate, the antifraud provisions of the Investment Advisers Act of 1940. Accordingly, the Commission seeks against each of the Defendants, a temporary restraining order; an asset freeze; an order requiring accountings; an order prohibiting the destruction of documents; an order expediting discovery; an order appointing a temporary receiver over Plus Money, and an order to show cause regarding the propriety of issuing a preliminary injunction to continue the requested relief pending trial. In addition, the Commission seeks against each of the Relief Defendants, an asset freeze and an order appointing a receiver over relief defendants The Premium Return Fund Limited-Liability Limited Partnership, The Premium Return Fund II Limited-Liability Limited Partnership, The Premium Return Fund III Limited-Liability Limited Partnership, Return Fund I, LLC, Return Fund II, LLC, Return Fund III, LLC, Return Fund IV, LLC, Return Fund V, LLC, Return Fund VI, LLC.

The Commission applies for this emergency injunctive relief on an *ex parte* basis, and, pursuant to Local Rule 83.3(h), seeks waiver of the notice requirements of Federal Rule of Civil Procedure 65(b). Waiver of notice is appropriate because it is clear from the evidence submitted in support of the Commission's application that the interests of justice require that the application be heard without notice to the Defendants. The fraudulent scheme is ongoing as Defendants continue to deceive investors as to the true nature and current status of their investments. It is important that the offering proceeds be frozen and a receiver be appointed so that the funds are preserved for the investors. The Defendants improperly transferred at least $7.6 million of investor funds from the Fund brokerage accounts to La Madrid and then to relief defendants Palladium Holding Company and Donald Lopez. Palladium Holding Company and Lopez immediately began dissipating these funds by engaging in a series of short-sell transactions involving Treasury bonds, as well as transferring at least $4.5 million to numerous other individuals and entities. Furthermore, since February 2008, Palladium has withdrawn $875,000 from its brokerage account, including a $100,000 transfer on April 15, 2008. The assets are at risk of further dissipation by Defendants and relief defendants unless emergency relief is granted.

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In light of the foregoing, counsel for the Commission has not advised Defendants, Relief Defendants, or their counsel of the date, time, or substance of the Commission's Ex Parte Application.

DATED: April 28, 2008

Respectfully submitted,

Peter Del Greco

By: Peter F. Del Greco

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